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BRAC UNIVERSITY

BUS 400

“Internship Report”



Trade Offer Crisis: A Case Study on Trade Offer Crisis of Square Toiletries Ltd Which Is Handled By Square

Submitted To:

N. M. Baki Billah

Lecturer

BRAC Business School

BRAC University

Submitted By:

Kaniz Fatema

ID 13304093

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Letter of Transmittal

13th August, 2017

N. M. Baki Billah

Lecturer

BRAC Business School

BRAC University.

Dear Sir,

I am highly satisfied to complete my report on **“Trade Offer Crisis: A Case Study on Trade Offer Crisis of Square Toiletries Ltd which Is Handled by Square”** which you have instructed me to submit it on August 2017. The report contains detailed information about the financial management processes, trade offer crisis and how it is being handled by Square Toiletries Limited. Throughout my internship period, I have performed various tasks such as internal auditing, crisis handling, budgeting, requisition auditing and etc.

I have completed this report with my full contribution and dedication to illustrate my practical learning from Finance & Accounting department of Square Toiletries Limited. I have gathered data and information from numerous sources. For example: the annual reports of Square Toiletries Limited, interviewing my supervisor and from the company website. I believe that you will consider the limitations of this case study that I had faced due to lack of confidential information.

Lastly, I would kindly request you to evaluate my research paper and provide me with your precious feedback in order to enrich the quality of this report.

Sincerely Yours

Kaniz Fatema

.....

ID: 13304093

Acknowledgement

It is my pleasure to take this occasion to thank a few people who have assisted, encouraged, directed and supported me throughout my internship.

Firstly, I would like to thank the Almighty for giving me this opportunity to work as an internee for one of the most renowned company in Bangladesh

Secondly, I want to pay my gratitude to **N. M. Baki Billah**, Lecturer at BRAC University for providing me with necessary guidance and sharing his superior knowledge in completing this report. Due to his patience, I was able to enhance my basics in finance & reporting.

I am highly grateful to thank **Md. Golam Kibria**, Director of Accounts & Finance Department, Square Group LTD for assisting me tremendously with such an important project and giving me the opportunity to work independently. I would also like to thank my direct supervisors **Razzakul Haider, Mahmud Hassan and Hirok Saha** for their brilliance and excellent guidance. They have assisted and supported me in completing this report.

Finally, this case study would not have been possible without the advice and support of my families & colleagues. Their kind cooperation and encouragement have assisted me in completing this report.

Executive Summary

This report is the primary gateway to understand the crisis and how the trade offer is being handled by Square Toiletries Ltd (includes budgeting). Square Toiletries Ltd. (STL) is one of the largest and leading "Fast Moving Consumer Goods" company in Bangladesh. This report provides an in-depth analysis, strategies and crisis handling process. It consists of the job responsibilities I was given during my internship in the Finance & Accounts department of STL.

From my and Square Toiletries LTD's perspective, I have created a detailed report based on the record findings of daily transactions with their third parties, identifying problems at various stages, understanding internal auditing (budgeting, requisition auditing, reporting), measuring performance of production workers and also how they maintain a good relationship with their retailers. The good relationship is achieved through their winter gift promotional campaign.

Furthermore, the report provides a monitoring process of how to bring employee satisfaction and work smoothly. I had to also check the ledger journal and keep a clear knowledge about the charts of accounts.

Throughout my experience and knowledge, I have trained myself to be more precise and efficient at my work. I was able to grasp various instructions and communicate effectively among my colleagues. Communication skills were the pillar of understanding the work flow. After experiencing the corporate journey at Square, I have recommended some solutions which will improve the environment and bring a better standardization throughout the organization.

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Chapter – 01

Introduction

1.1 Background of the study

After gaining knowledge, experience and learning on a particular subject, I have come to realize that it can only be evaluated properly if it is linked with theory and real-life practice. Theory is learned from academic courses and later on it needs to be applied at work. Just a partial knowledge of the BBA program is sufficient enough to grasp the knowledge at work.

The main purpose of the internship is to train the internee and provide an opportunity for him/her to experience the corporate world. Later on, prepare the interns for their upcoming corporate work life. After gaining knowledge from my internship program at Square Toiletries Limited under Accounts & Finance department, I have developed this internship report as a partial requirement to acquire the BBA degree under direct supervision of **N. M. Baki Billah**. Based on the limited available information and resources, I have tried my level best to make this report as accurate as possible.

1.2 Origin of the study

An internship will enable the internee to understand the correlation between theory and practical knowledge. Internship is a four credit compulsory course for the students graduating from BRAC University, Bangladesh. This report is a partial fulfillment of the Business Administration program. My supervisor Mr. N. M. Baki Billah assigned me with the topic “A Case Study on Trade Offer Crisis of Square Toiletries Ltd which Is Handled by Square”. My internship period in STL was approximately three months and I have got the opportunity to learn how their day-to-day operations work and their methods of keeping records of transactions. I have tried my utmost best to provide updated information which was acquired through working closely among colleagues and looking at their activities.

1.3 Objectives of the study

The main objectives of the report are as follows:

The objective of the study is to focus on one broad issue which is the general management of accounts & finance of Square Toiletries Ltd. In order to be familiar with the issue the following points are taken under consideration:

- The company's mission, vision, objectives, values and principles.
- Obtaining a wide knowledge about the accounts & finance department activities and its management.
- The different brands of STL.
- Comprehending about the financial management of Square Toiletries Limited.
- Having a practical idea about the operations of finance & accounts department of STL.
- Analyzing the crisis and problems of STL.
- Assessing the performance of STL compared to its competitor and to look at the real scenario.

1.4 Scope of the study

This internship report discusses about the current business operation of Square Toiletries Limited. From the available information sources, a detailed description of the activities undertaken by the finance & accounts department of the company is given. Furthermore, this project provides an analysis of the financial ratios and attempts to evaluate the financial performance of the company.

1.5 Methodology

This report was prepared through a series of processes starting from selection of the topic to the completion of the report. There will be an explanation regarding my journey as an internee in Square Toiletries Ltd. The reason behind using the following methodology is due to my internship:

Selection of the Topic:

My supervisor assisted me in selecting this topic so that I can come up with an informative and well-organized report.

Sources of Data:**Primary data:**

I had several face- to-face discussions with my supervisor, executives of STL and with the General Manager regarding the collection of information. Through my personal observation as an internee in STL, I had received some information which I had used in this report.

Secondary data:

- Website of Square Toiletries Limited
- Annual reports of Square Toiletries Limited
- Informative documents provided by the company's supervisors
- Online search for more topic-related information

1.6 Limitations of the study

To become handy and specify about the authentication of primary data cannot be ensured and therefore collecting it is really difficult. It is very important to maintain the company confidentiality as it is obvious that supervisors might be skeptical about sharing certain company information with the interns. In addition, getting the exact picture is always a challenge. My understanding and experience about the corporate world of STL which I have explained in this report might not be accurate or sufficient and in some cases I have used my own assumptions. This is because it was my first practical experience about the corporate world of STL which was only for about three months. It was difficult to understand the overall general financial management system of a giant local conglomerate- Square Group in just three months. STL only provided their balance sheet and income statement from their audited annual report. They have not published their annual report. So it was difficult to get a comprehensive understanding of the financial position of the company as well as their market share. It is simply just difficult to provide clear cut picture of the company in just three months. On top of that sometimes the supervisors were not able to provide much work due to access issues and therefore, I was unable to discover the crisis and how the solutions are being handled.

Chapter – 02

Overview of Square Toiletries Limited

2.1 Company Profile:

Square Toiletries Ltd.(2015) is a part of the highly renowned local conglomerate in Bangladesh-Square Group. It is one of the largest and leading FMCG Company in Bangladesh with a turnover of USD 75 million. With their relentless innovation, STL is the pioneer for bringing in new products and packaging concepts in Bangladesh. They have gained the expertise and eagerness in fulfilling customers' expectations with their quality product ranges through utmost sincerity. STL consider people as unique in terms of their needs and to satisfy individual needs. They always try to maintain a consistent quality of their unique products. For their customers, they are relentlessly striving to be "as unique as you". Currently, STL is carrying out its production in its two fully automated plants at Rupshi and Pabna. With their high-tech production facilities, most advanced equipment and high quality raw materials, they ensure the absolute best for their customers. STL has specific machinery to cater to different products, formulation and packaging. A group of well-trained people are always presenting ideas to ensure a smooth operation. These machineries are imported from various foreign suppliers, the best quality raw materials are used for all STL products. Each phase of the production process undergoes rigorous testing to meet international standards, following the GMP (Good Manufacturing Practice) of production.

Square Toiletries Ltd. has a strong R&D department which is committed towards developing new products and improving existing products. The international standard products of Square Toiletries Ltd. meet the needs of Bangladeshi people as well as the people abroad (internationally). Therefore, the main objectives of R&D are –

- A deep understanding of consumers, their habits and product needs.
- Capabilities to acquire, develop and apply technology across STL's broad array of product categories.
- The ability to make "connections" between consumers' wants and what technology can deliver.

STL has a **vision** which says "We attempt to understand the unique needs of the consumer and translate that needs into products which satisfies them in the form of quality products, high level of service and affordable price range in a unique way."

To attain their vision, they took a strong **mission** into consideration which is given below:

- To treasure consumer understanding as one of our most valued assets and thereby exerting every effort to understand consumers' dynamic requirements to enable us in offering maximum satisfaction.
- To offer consumer products at affordable price by strictly maintaining uncompromising stance with quality. With continuous R&D and innovation we strive to make our products complying with international quality standards.
- To maintain a congenial working environment to build and develop the core asset of STL its people. As well as to pursue for high level of employee motivation and satisfaction.
- To sincerely uphold the responsibility towards the government and society with utmost ethical standards as well as make every effort for a social order devoid of malpractices, anti-environmental behaviors, unethical and corruptive dealings.

Square Toiletries Ltd. (2015) has a vision to maintain this level of quality consistency and in a pursuit to deliver quality products to their consumer. STL also have developed technical partnership with companies such as Cognis (Germany), Uniqema (Malaysia), Clariant (Germany), IFF (UK) and many more.

With their relentless effort to deliver "unique" quality products and to stay competitive in the consumers' mindset, they keep on bringing several brands by using high-tech production facilities and through quality conformance. Through this effort, they are gradually becoming a high performer in the local market and also becoming a global player.

2.2 Values and Principles of STL:

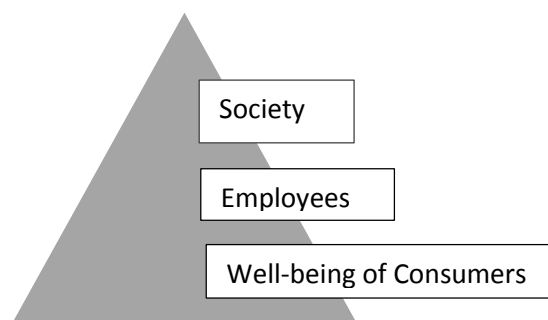


Figure 01: Foundation pillars of the values and principles of STL

Square Toiletries Ltd. (2015) believes that it is their obligation to work for the welfare of society. In spite of being a commercial organization STL doesn't always opt for profit, rather it tries to be even more focused towards the fulfillment of its commitments to society and hence has an intense sense of responsibility to its customer, its people and its society as a whole. STL is ensuring STL that they reflect their core values and principals in daily operations.

To achieve their vision, STL has some of their quality policies given below:

- Dedicated to make every effort to understand consumer needs to provide maximum satisfaction and to achieve market leadership.
- Strive to continuously upgrade manufacturing technology and to maintain optimum level of quality measures in conformity with the international standard – ISO 9001: 2008.
- Committed to achieve quality objective through continuous employee training and maintaining congenial working environment.

Square Group (2014) aims towards providing the best possible compensation to all its clients. In order to provide the best possible solutions to its clients, Square LTD is providing a package that consists of a basic salary, bonus, allowances, leave salary and various retirement benefits. It also embraced the society & its people with different initiatives. Besides core business functions, STL has long been taking active part in different philanthropic activities like employment generation program for vulnerable community, financial aid to disadvantaged, providing aid to natural disasters, helping acid victims, tree plantation, creating mass awareness on health and hygiene issues, supporting in education and various local community programs and etc. Some of their corporate social responsibilities are:

- As a part to show great care to Bangladeshi girls through Senora; 1 million girls have been educated to enjoy a hygienic life.
- Being conscious about baby & its wellbeing, STL has introduced a service “supermom” where any mother can call at the number: 01678737666 to get expert doctor’s advice absolutely free. Under this service in the year 2012, 1 lac mothers have been communicated about the importance of breast feeding.

- Starting from 1998, every year through Meril-Prothom Alo Award, country's largest, most prestigious and fun-filled ceremony, STL are rewarding performance in cultural area.
- On 7th April, STL brought up a campaign titled "Zerocal World Health Day Rally", to spread the information on the importance of regular exercise, apposite calorie and healthy diet intake and regular health check-up.
- To stop violence on women, this year on Valentine's Day, STL came out with a bold concept which says "Only the cowards hurt, be a REAL man, treat every woman with respect."

2.3 The formation of Square Toiletries Limited:

From the inception in 1958, SQUARE today symbolizes a name – a state of mind. It flourished gradually to be one of the top line conglomerates in Bangladesh. With an average Annual turnover of over US\$ 200 million and a workforce of about 3500 the SQUARE Group is a true icon of the Bangladesh business sector. The table below shows the history of the Square Group as well as the gradual formation of STL.

Year Activities

1958 Debut of Square Pharmaceuticals as a Partnership Firm.

1964 Converted into a Private Limited Company.

1974 Technical Collaboration with Janssen Pharmaceutical, Belgium, a subsidiary of Johnson and Johnson International, USA.

1982 Licensing Agreement signed with F. Hoffmann-La Roche Ltd., Switzerland.

1985 Achieved first position in the Pharmaceutical Market of Bangladesh among all national and multinational companies.

1987 Pioneer in pharmaceutical export from Bangladesh.

1988 Debut of *SQUARE* Toiletries Ltd. as a separate division of *SQUARE* Pharma.

1994 Initial Public Offering of SQUARE Pharmaceutical Shares. *SQUARE* Toiletries Ltd. becomes a Private Limited Company.

1995 Chemical Division of *SQUARE* Pharmaceuticals Ltd. starts production of Pharmaceuticals bulk products (API).

1997 Won the National Export trophy for exporting pharmaceuticals. Debut of *SQUARE* Textiles Ltd.

1998 Second Unit of *SQUARE* Textile Ltd. is established. Agro-chemicals & Veterinary Products Division on *SQUARE* Pharma starts its operation.

2000 *SQUARE* Spinning's Ltd. starts its Journey.

2001 *SQUARE* Knit Fabrics Ltd. is established. *SQUARE* Fashions Ltd. starts its operation.

US FDA/UK MCA standard new pharmaceutical factory goes into operation built under the supervision of Bovis Lend Lease, UK. *SQUARE* Consumer Products Ltd. started its operation. *SQUARE Infomatix* is established. *SQUARE* Hospitals Ltd. Incorporated.

2003 Management Agreement with Bumrungrad Hospital International of Thailand for the management of *SQUARE* Hospitals Ltd.

2005 New State-of-the-Art Square Cephalosporins Ltd. goes into operation: built as per USFDA/UK MHRA requirements.

2006 Square Hospitals Ltd starts its journey.

2007 Square Pharmaceuticals Ltd., Dhaka Unit gets the UK MHRA approval

2008 of Square Pharmaceuticals Ltd. starts SVPO (Small Volume Parental & Ophthalmic) unit, built as per US FDA requirements, goes into operation.

2009 Starts manufacturing of insulin maintaining quality standards of US FDA & MHRA. Dedicated hormone & steroid products manufacturing facility complying with the current Good Manufacturing Practice (GMP) of WHO, US FDA & UK MHRA starts operation.

2.4 Mission and Vision of Square Toiletries Limited:

Mission Statement

We want to be the world-class food products manufacturer in Bangladesh by ensuring intrinsic quality products and customer services with state-of-the art technology and motivated employees.

Vision Statement

- To continue to provide the very best of what the consumer wants and to explore new segments of market and to clear it.
- Identifying what the consumer needs and continue providing it
- To assure intrinsic quality of hygienic food products with authentic taste

- To enhance customers standard of food habit and to expand distribution network to make the products available at customers doorsteps
- To enhance the strength and skill of the organization that will contribute to companies increasing growth both in domestic and global markets.

2.5 Organogram of Square Group:

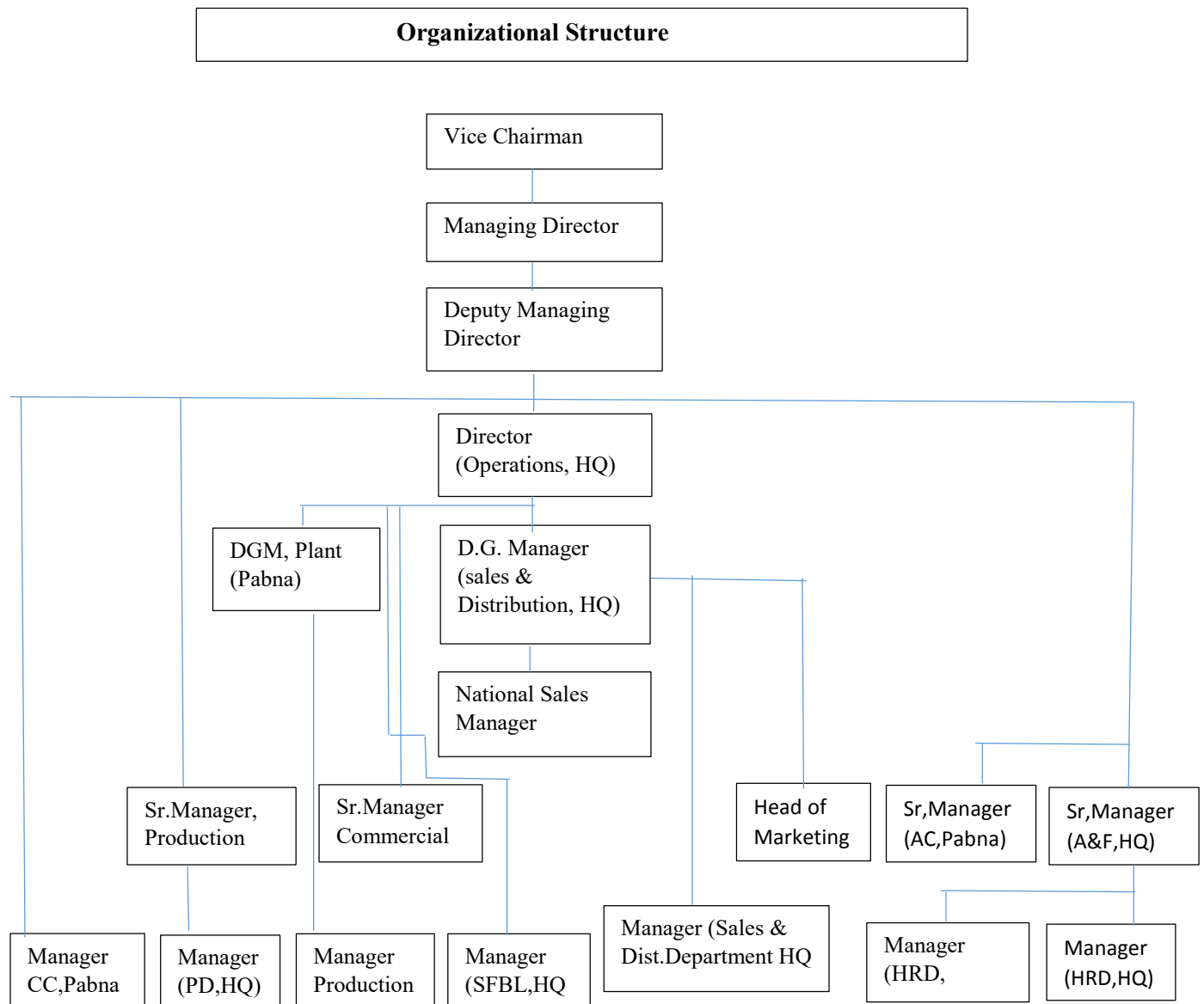


Figure 02: Organogram of Square Group (related to A&F)

2.6 Management of the Company:

Square Toiletries Ltd.'s (2015) corporate governance is constantly making decisions for upcoming events. These decisions are reached through policy & strategic and operational planning. The execution, performance and evaluation are always in collaboration with current products in the market. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis. The degree of involvement varies with the extent of authority (from top to down). Reporting and accountability is always in the hand of the management and the people helping. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants and employees. The goal is to increase the benefits of all stakeholders. The morals and ethics are in aligned with "good governance practices". The standards are well maintained by the board and they are endlessly monitoring the politico environmental of our society in which we work live and exist. The aim is to create a standard that is well accepted by all classes of people. The organisms through which the corporate governance functions are carried out below:

Board of Directors

The Board of Directors, the top Management consisting of the founding entrepreneurs/successors and an Independent Director, provides the policy and strategic support and direction for the entire range of the corporate activities.

Roles and Responsibility

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegation and accountability processes via the lines of command. However the Board of Directors hold the ultimate responsibility & accountability with due elegance for conducting the activities of the company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions/directions to the Executive Management. Such meetings usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing,

procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of officers, approval of audited accounts. The Board of Directors takes special care in designing and articulating productivity and compensation plans of employees and workers.

Audit Committee of Board

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The Audit Committee is headed by the Director Mr. Charles CR. Patraan MBA and a Senior Development and Investment Banker of the country. Other members are Mr. Anjan Chowdhury, Director and Mr. Tapan Chowdhory, Director. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The audit Committee shall also co-ordinate with the internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors frauds and other differences.

Executive Committee

The Executive Management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Directors, Directors, General Managers and a host of Senior Executives in the hierarchy of management. The Board has approved an organogram with modern features ensuring clear lines of delegation of authority and reporting for accountability for effective decision making evaluation of performance on merit for both rewarding and disciplinary action. The executive Management is responsible for preparation of budgetary segment plans/sub-segment plans for every cost/protesters and are held accountable for performance therefor.

Legal Advisers

In order to avail the best legal services for Good Corporate Governance, the company has empaneled the following top ranking legal professionals:

- Mr. RazzaqulHuq, Bar-at-Law

- Mr. Rokonuddin Mahmud, Bar-at-Law
- Ms. Nazia Kabir, Bar-at-Law

The expertise of the above named professionals had long term fundamental support to the company's Good Governance efforts.

Compliances

Square has an established procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

Corporate Culture

R & D

As a part of Corporate Social Responsibility for Good Governance the company maintains a team of experts who continuously conduct research & development programs for improving quality of products, reduction of cost, adaptation of products that are free of intellectual property rights and innovative products. These efforts have enabled the company to add new products to its product lines every year to the benefit of the common men of the country and the shareholders. The success in this field has ensured the leading position for the company in the food manufacturing Sector.

Summary of All Departments' Activities

As per the latest organogram SQUARE have 12 (twelve) functional departments for its operation. The names of the departments are as follows:

Accounts and Finance Department: Summary of the Accounts & Finance Department activities are mainly accounting related jobs like bill checking and auditing and payments, Product Costing, Budgeting, Financing, and Preparing Finance Statement etc.

Commercial Department: Mainly procuring raw and packaging materials. Sourcing suppliers and negotiate pricing without consideration quality, quantity and lead time.

Raw material sourcing for different new products.

Engineering Department: Maintain and upgrade modern technology, manufacturing process costing and work with new project/ extension.

Human Resources Department: Majors activities of HRD are Staffing, Training and Development, Career and Succession planning, Job Posting, Performance Management, Compensation Management, Employee Welfare and Service Benefits, Ensuring Safety and Security Work Place, Gender Discrimination, Discipline Management.

Marketing Department : Preparation of Marketing Mix & Plan, Designing and development of promotional materials, Training of field forces, Analyzing performance of different products, Evaluation of new business proposals, Feasibility study of new products, Monitoring of production and raw material status of products, Preparation of printed promotional material (literature/pad/brochure/show card etc.), Undertake all relevant activities for new product launching. Performing different market research work on different issues, Provide all kinds of support to Field Colleagues in effective planning in the market level. Exploration of new markets around all over the world to operate of export business in the different countries.

Sales Department & Distribution Department: Designing the Sales and Distribution Plan, Prepare the budget and Implement accordingly, Establish New Product Channel Development, Explore new market, Design and implement sales promotion activities, Monitor competitor's activities, Handle product complain, Train Sales Forces, Select Effective Distributors.

Product Development: Design and development planning of products, and review, verification and validation of design and development. Development of formulation of new products

Production Planning and Inventory Cell: Prepare the monthly production schedule of different products, maintain the inventory status of different raw materials and packaging materials.

Production Department : Design and implement product plan, ensure on time finished goods as per schedule, maintain zero tolerance defect, control manufacturing overhead cost in marginal level, upgrade manufacturing process etc.

Quality Control Department: The function of the QC department is mainly to ensure the output of quality products as per company standard formulations. QC department thus check and verify the on-going productions.

Technical Services Department: Provide technical support to QC, QA, Production, Product Development and other departments with regards to any kind of technical issues. It selects machinery and equipment including spare parts, coordinates, follow-up the designing and implementation of the Master Plan of the factory and handles all matters related to development of factory facilities.

Quality Management and Audit: Ensure the practices of Quality Management System (QMS) at every stage of operations of STL in full compliance with ISO 9001. Monitor the activities to ensure compliance with defined quality policy at every stage of business. Develop process and instructions for continuous development of operations to increase productivity.

Because of billing and auditing occurs under the account and finance department and sourcing suppliers and procuring raw and packaging materials, export and import operations operating under following departments

- Sales Department
- Accounts and Finance Department
- Commercial Department
- Export and Import Department

Chapter – 03

Organizational Part of Square Toiletries Limited

3.1 SWOT Analysis

Strengths

1. Recognized as a renowned local Company:

STL is a part of the well-known local conglomerate and leading company of Bangladesh- Square Group with its presence worldwide.

It has a local footprint combined with a brand worldwide.

2. Strong brand portfolio:

It has a deep and broad portfolio of brands. It holds a diversified product range which makes it easy to access various sorts of consumers' across the country.

3. Borrowing from sister concern:

Square Group is known to be the largest local conglomerate in Bangladesh. Each business unit can borrow money from their sisters (company). This in turn reduces the risk of bankruptcy since the business is able to borrow funds from sisters and banks.

4. Strong relationship with retailers:

STL has established a very strong relationship with retailers by offering them good margins and incentives which is very important for a company to stay competitive in today's consumer market. This provides STL with the strength to reach the ultimate consumers. For example: every year, Square Toiletries Limited arranges an event "Jeteo Paren, Peteo Paren" where retailers are awarded upon their contribution of winter gift promotional campaign which runs from October 15th to December 22nd of every year. This way they maintain good relationship with customers through retailers.

5. Economies of scale:

Economies of scale occur when increased output leads to lower long run average costs. Because of STL's mass scale production, it has the ability to overcome the bargaining power of suppliers. This indicates that it is able to control the price to a certain extent.

6. Research and development:

STL is an innovative company that invests a huge sum on research & development of new products and brands. STL has a specific machinery to cater its different products, formulation, and packaging. It undergoes rigorous testing to meet the international standards. Currently it is

following the GMP (Good Manufacturing Practice) of production. Thanks to GMP, now STL is capable of entering new markets.

Weaknesses

1. Huge Competition and substitutes:

The biggest weakness that STL faces is that it operates in a competitive market where other companies like Kohinoor Chemicals, ACI and Unilever are present and therefore poses a challenge in its dominance at every turn and tremendously tries to raise their portion in the FMCG (Fast Moving Consumer Goods) space. Because of this huge competition, the products of STL can be easily replaced with substitutes.

2. No direct connecting with customers:

Because of nature of business, STL has no direct connection to its ultimate consumers. It has to rely on its wholesalers and retailers. If they have a bad relationship with their retailers, retailers may not encourage the ultimate consumers to buy STL products. This would eventually hurt their sales and profit margin.

3. Inefficient organizational management:

Even though Square Group is a big local conglomerate, their management process is extremely flexible. However, there is a lot of bureaucracy which creates a huge problem in the organization.

Opportunities

1. Economic Crisis:

Due to political instability, many small companies with liquidity problems had to force themselves out of the market. This has created opportunities for STL. Now, they are able to get their market share through their efficient distribution methods and in result increase their market share.

2. Increasing need for healthy products:

Consumers are more aware today and prefer healthy products, so it is a good opportunity for STL to introduce more healthy and safe products under its product segment "Health and Hygiene" to increase its market share and knock out its competitors.

3. Major profitable brands:

The maximum sale derives from the major brands of STL such as Jui, Chaka, Senora, Magic and Meril Protective Care. These brands should be in the priority since they provide a sustainable growth and profit.

4. Increase in Exports:

Already STL is exporting to 13 countries including Germany, UK, Australia, Malaysia, UAE and etc. They are successful in it because Square Toiletries Limited (STL) is an ISO 9001: 2000 certified company. Therefore, with this quality standard they are trusted by the foreign people and therefore in future they can increase their exports in order to earn more sales revenue.

Threats

1. Strong Competition:

There are other multinational organizations like Unilever who are also capturing a major portion of the market share. These competitors always try to give a tough time to STL and try to create high entry barriers to new and emerging markets.

2. Crisis in several cases:

STL has offered many trade and sales offer to the distributor and retailer but there are so many crises cases which they are facing.

3. Tougher Business Climate:

With increasing economic crisis, strong government regulations and competitive environment, the business environment is getting tougher. It has led the companies to focus more on their liquidity instead of profitability.

4. Complex Organizational Structure:

Square Group has more than 20 group companies, one of them is STL and it is the oldest one. STL alone has two factories for its production processes. All this has made the structure of Square Group extremely complex. A wrong corporate strategy can be a major cause of business failure. However, STL follows traditional business structure and method in most cases.

3.2 Internal Analysis (Porter's five Forces)

Rivalry among existing Firms (Moderate To High)

1. Industry Growth rate:

Hossain (2017), the TK. 6.5 billion soap market of Bangladesh is dominated by Unilever's Lux and Lifeboy Gold. Square's Meril Splash beauty soap occupies approximately 10% of the market share. Main consumers are SEC people or Socio economic class people (especially upper middle, middle and lower middle). Analysts predict that within few years the industry will move on to the gender segmentation.

Square Toiletries Limited is the Largest Food Company in Bangladesh and it has been continuously in the 1st position among all national and multinational companies since 2000. The robust growth of the sector over the last 15 years has turned it into one of the vital money-spinning areas with an annual turnover of approximately STL which is more than Taka 59.26 billion (US\$ 373.41 million) that is about 29.04% market share (April 2009 – March 2010) which has a growth rate of about 25.33%.

2. Concentration and Balance competitors:

Presently, the local manufacturer holds around 60 per cent share in the domestic cosmetics and comparing to toiletries market which has only a 40 percent share. The number of firms in an industry and their relative sizes determine the degree of market and price competition. Over the years the market has become vigorous and harsh. That's why STL products are competitive. However, there is lot to be offered by STL and there is a huge potential.

Degree in differentiation and switching cost:

Square Toiletries Ltd has also emerged as one of the major market players and now with its brands such as Meril, Chaka, Select, Kool, Shakti and Senora. It holds nearly 70 per cent of the market share and the products are Meril baby lotion, Lip-gel, Petroleum Jelly, Meril Chap-stick in winter in Bangladesh. Malik Mohammad Sayeed, an official, at the marketing division of STL said, the Meril soap and Splash, has gradually been grabbing the market share of beauty soap. Senora has captured 90 percent sale of sanitary napkin and it has made the country almost self-dependent on the item, according to the STL official. Product differentiation is not the driver but

the cost competitiveness is. However, companies like SQUARE has created big brands in over the years. Which act as a product and differentiates from other brands. This will enhance gradually.

3. Excess capacity and Exit barriers:

Private Labeling with SQUARE Toiletries Limited guarantees the highest quality products available. By utilizing premium quality raw materials & Hi-Tech manufacturing facilities, customers are able to enjoy the final product. It is quite impractical for Square or other firms to exit from this industry, if they are not able to keep up with the technologies.

Force 02:

Threats of new entrants (LOW)

Square Toiletries Limited doesn't only limit its journey by satisfying consumers with its SQUARE Quality products but it also embraces the society & its people with different positive movements. It would be tough for competitors to gain the market since there are constant social activities.

1. Economics of scale:

STL can easily produce mass scale of production. However, it is difficult to enter new markets since the mass scale of production is not applicable.

2. Access to channels of distribution and relationship:

The SQUARE is a large food company in our country so they have a large distribution channel and a good relationship with the retailers. **Distribution Channel** is well-organized and with a very strong structure. It has approximately 250 distributor points and several distributor managers which label the product, amount, code and deliver to the end point.

Force 03

Threats of Substitute Product (Moderate)

Toiletries products have little or almost no substitutes. It is a place where companies have not really invested a lot. However, within a few competitors there is an ongoing competition.

Force 04

Bargaining power of buyers:

1. **Number of Buyers** – the huge number of buyers and nearly 70 per cent customers rely STL products.
2. **Volume per buyers** – Volume per buyer is also high and toiletries product especially brand Meril has large volume of buyers.

Force 05

Bargaining power of suppliers (Low to Moderate)

The toiletries industry depends on several organic and state-of-the-art production facilities, most advanced equipment, and high quality raw materials, ensure the absolute best for customers. Depending on the nature of products, formulation, and packaging, STL has a specific machinery for a specific product or raw materials.

The supplier has low to moderate bargaining power and the companies can switch from their supplier. However, there is a price to pay for switching suppliers.

3.3 Market Share % of Revenue

Investopedia (2017) illustrates that Market share represents the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. This metric is used to give a general idea of the size of a company in relation to its market and its competitors.

Bala (2017), calculated the share trends of Bangladeshi's market. Market share increases the profit of the company because it is the total actual sales and revenue of the market and it helps in attracting investors (to buy shares of the company).

Find below the share trends of the companies:

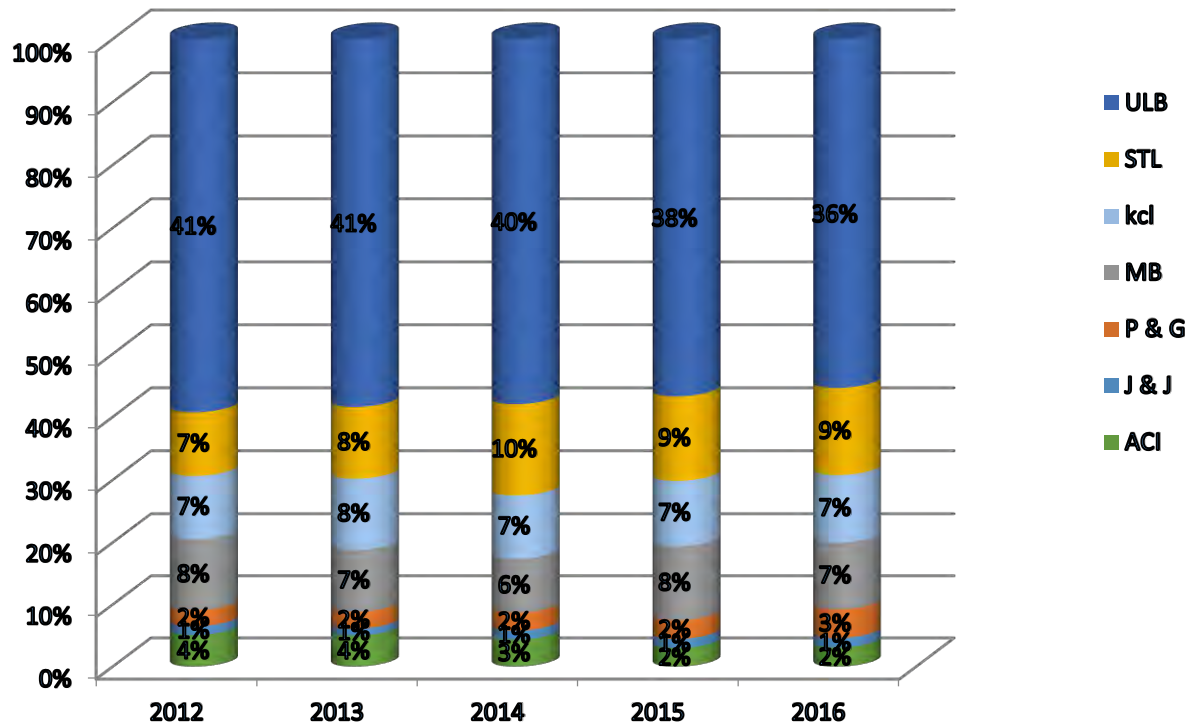
Company	Year 12	Year 13	Year 14	Year 15	Year 16
Unilever Bangladesh Ltd	41%	41%	40%	38%	36%
Square Toiletries	7%	8%	10%	9%	9%
Kohinoor Chemical Company	7%	8%	7%	7%	7%
Marico	7.9%	7%	6%	8%	7%
P & G	1.8%	1.9%	2%	2%	3%
Johnson	1%	0.8%	1%	1%	1%
ACI	3.5%	3.5%	3%	2%	2%

Table 01: Market share % of revenue in Bangladesh

Interpretation

Unilever Bangladesh Ltd has the highest market share in Bangladesh (retrieved from table-01). It is clear that Unilever is decreasing their market growth from year 12 to year 16, and it decreases 5%. On the other hand, **Square Toiletries** is not having the leading market share but it is in the **2nd** position. It increases from year 12 to year 13, 1% and year 13 to year 14, 1% but on year 15 it decreases 1% which is not a good trend for the company. Next is, **Kohinoor Chemical** which had a bit of 1% growth on year 13 but it dropped 1% on year 14 then maintain the same trend which is less than the STL's market share % of revenue.

% of market Share of revenue Trends Analysis



STL is doing well day by day, though STL is the oldest concern of Square Group but not gaining the medium level of market share. However STL is gaining market share rapidly and the leading product of STL is Meril product line and Kool Product line.

Chapter – 04

Case Analysis of Square Toiletries Limited

4.1 Overview of the Case

Trade offer is a kind of trade program which is conducted by the company and it gives the promotional offer to the distributor and the retailer as well. There is huge amount of budget to accommodate for the program and it is funded by STL's finance & accounts department. Square had to face several crises because of uncertainty of the dealer. There is a tremendous amount of possibility to deceive and fraud the company. So to reduce the crisis and to meet with actual demand of the forecasted sales, Square has to take constant strategic decisions & actions against the crisis. My main focus on this report is to show overall the scenario of trade offer and its crisis. Furthermore, I will be illustrating how Square is able to implement the strategies accordingly.

Trade offer program provide by the STL because,

- ✓ **To compete with the competitors-** the main reason behind the offering trade program is STL wants to compete in the market with its competitors. In Bangladesh toiletries market companies offer these kinds of trade fair to its distributor & retailer and that is why STL has to pay a huge amount of budget for these kinds of program.
- ✓ **Specialization of marketing toward retailer-** One retailer can increase the sales of the product specifically by saying good and influential words to its customers. For that reason, STL have to provide a substantial amount of profit to its retailer in order to prevent the sale of competitors. Furthermore, to fulfil the slab or specific amount of the sales which is targeted by the STL, retailer will try to increase the sales of the products in order to receive a higher profit margin. Later on, there will be further trade offers.
- ✓ **To increase market share-** The more the sales of the goods the more the profit and chance to grab market and to increase market share.
- ✓ **Economies of Scale-** By giving trade offer, sales may increase and as well as company's production will increase. In result, price per unit of fixed cost will be less since the company can easily produce more units at the same time.
- ✓ **To maintain the visibility of the products-** There are some tricks and promoting facts which is only controlled by the retailer and the distributor. So, to get the trade offer and to fulfil slabs, retailer will definitely put the products in front of shops where they can

easily catch the consumer's attention. This is one of the reasons to provide trade offer to the market.

- ✓ **Diversification**-To diversify the products trade offer is very important and its popular worldwide. Products and brand diversification plays a vital role in consumer's psychology. Companies often place product diversification in order to increase its market share and tap into new markets. Often it is said that increasing diversification plays a major role in remaining competitive.
- ✓ **To increased sales of finished goods (over stock of products)** – A Company may have a huge amount of finished stock goods but there is a huge amount of cost maintenance in hand which includes: warehouse management, warehouse cost and other operating costs. So, to reduce such expenses and to sale the finished goods company may offer trader offer to its distributor and retailers.

4.2 Problems of the Case

Trade offer is one specific block or a criterion which is financially aided to the distributor and to the retailer.

Types of the problems-

1. In trade offer program there are some rules which they have to be strictly maintained and some criteria which they have to fulfill. So to get the offer discount & gifts, distributors and retailers go on for some *Misstatement* and *Abatement*. For example, if a distributor sale 10000tk from one shop, will get some a % of cash back. However, what actually happen is that the salesman does not state the offer to different shops thus the profit is shared among the distributor and salesman.
2. There is a “time period” for the offer program, within that time the distributor needs to finish the slab or targeted sales in order to get the discount. For example, the time period from January 01 to 31, by this period they have to fulfill the sales. In contrast what actually happens is, the offer actually takes place after the time period but the invoice is placed within the time period. This is one of the biggest problems in crisis.
3. The third problem is that they provide the invoice which is similar meaning duplicates (same invoice number). For example, one of the invoice number is 1234234 and again the same invoice number appears as 1234234. So, one of them is a definitely duplicate.

4. Overwriting and hand written cash invoice. Some cases it is found that overwriting and hand written invoice which is completely duplicate in case of invoice and amount as well. Overwriting specially in date, invoice number, order quantity and order amount.
5. In some cases there is not accounting of one cash balance in the card but written in card which is called record card and on basis of the card record STL will provide the discount. So, put non balance amount in card as well. In fact no cash memo as supporting of the claiming bonus but amount is written in the card.
6. **Non- offering items** sales and claiming the bonus. For example, there are some fixed items which provide the offer, if they sales by these products then will provide the bonus but distributor and sales man put the non-offering items in offer item sales and added all together then claim the bonus.
7. The biggest misstatement is selling the amount is less but invoice total is showing more amount. For example, if distributor sales is Tk15000 but in total of invoice is written Tk30000. So this is how they create crisis in trade program.
8. Sometimes they make fake invoices for the offer which they may make the invoice at their home and show it to the STL. And also use fluid for misstatement in the card.

These are the problems of the trade offer crisis, for this reason STL faces loss or less profit. For this STL emphasize the budget of the trade offer and audit each and every section of the program's process very well and caught all the problems and uncertainty (Haider and Saha 2017).

Analysis of Return from Trade offer (winter 2015 to winter 2016) -Reasons for the difference between actual results & target outcomes:

1. Faulty assumption in the Budget figures and over or under budgeting.
2. Reality is Wrong /unrealistic Budgeting which is not matched with pervious outcome.
3. Errors in the calculation of the actual results and wrong perception.
4. Insufficient and non-offer Product supply to the distributors.
5. Gaps between Budget preparation Implementation, control and management.

6. Default of Budgetary Committee: Budgetary Committee responsible for trade Offer Budget gives less importance on preparing budgets and do not focus on main issues.

Winter Program Budget of Square
(November 2016 to January)

Division: Dhaka, Chittagong and Mymensingh

SL NO	Slab Value (TK.)	Slab Quantity	Revenue (Budgeted)	Cost	CPS (Cost of Per Slab)	Benefit (0.30%)
1	300000.00	60	18000000.00	750000.00	12500.00	900
2	250000.00	160	40000000.00	1680000.00	10500.00	750
3	200000.00	320	64000000.00	1120000.00	3500.00	600
4	150000.00	783	117500000.00	2175000.00	2778.00	450
5	100000.00	1250	125000000.00	2875000.00	2300.00	300
6	75000.00	1700	127500000.00	1785000.00	1050.00	225
7	50000.00	2250	112500000.00	2025000.00	900.00	150
8	40000.00	3000	120000000.00	1245000.00	415.00	120
9	30000.00	3500	105000000.00	1330000.00	380.00	90
10	20000.00	9000	180000000.00	1060000.00	1178.00	60
Total		13023	829500000	14985000	34323	3585

Table 02 – Forecasted budget of trade offer program (Dhaka, Chittagong and Mymensingh)

Division: Sylhet , Rajshahi and Khulna

SL No.	Slab Value	Slab Quantity	Revenue	Cost	CPS (cost of per slab)	Benefit (0.30%)
1	200000.00	35	7000000.00	367500.00	10500.00	600
2	150000.00	50	7500000.00	350000.00	7000.00	450
3	100000.00	95	9500000.00	408500.00	4271.00	300
4	80000.00	377	30200000.00	720000.00	1910.00	240
5	60000.00	500	30000000.00	525000.00	1050.00	180
6	50000.00	6050	302500000.00	585000.00	97.00	150
7	40000.00	1520	608000000.00	799000.00	525.00	120
8	30000.00	2000	60000000.00	830000.00	415.00	90
9	20000.00	2045	40900000.00	612000.00	300.00	60
10	10000.00	2050	20500000.00	375000.00	183.00	30
Total		14722	1116100000	5572000	26251	2220

Table 03 – Forecasted budget of trade offer program (Sylhet, Rajshahi and Khulna)

Achievement

Division: Dhaka, Chittagong and Mymensingh

SL No.	Slab Value	Slab Quantity	Revenue	Cost	CPS(Cost of per slab)
1	300000.00	47	14100000.00	587500.00	12500.00
2	250000.00	123	30750000.00	1291500.00	10500.00
3	200000.00	190	38000000.00	665000.00	3500.00
4	150000.00	448	67200000.00	1244544.00	2778.00
5	100000.00	998	99800000.00	2295400.00	2300.00
6	75000.00	1228	92100000.00	1289400.00	1050.00
7	50000.00	1893	94650000.00	1703700.00	900.00
8	40000.00	2179	87160000.00	904285.00	415.00
9	30000.00	2847	85410000.00	1081860.00	380.00
10	20000.00	3307	66140000.00	3895646.00	1178.00
Total		13260	675310000	14958835	35501

Table 04 – Achievement of trade offer program (Dhaka, Chittagong and Mymensingh)

Division: Sylhet , Rajshahi and Khulna

SL No	Slab Value	Slab Quantity	Revenue	Cost	CPS(Cost of per slab)
1	200000.00	26	5200000.00	273000.00	10500.00
2	150000.00	41	6150000.00	287000.00	7000.00
3	100000.00	79	7900000.00	337409.00	4271.00
4	80000.00	316	25280000.00	603560.00	1910.00
5	60000.00	396	23760000.00	415800.00	1050.00
6	50000.00	562	28100000.00	54514.00	97.00
7	40000.00	1372	54880000.00	720300.00	525.00
8	30000.00	1557	46710000.00	646155.00	415.00
9	20000.00	1948	38960000.00	584400.00	300.00
10	10000.00	2063	20630000.00	377529.00	183.00
Total		8360	257570000	4299667	26251

Table 05 – Achievement of trade offer program (Sylhet, Rajshahi and Khulna)

BUDGETED VERSES ACTUAL

Division: Dhaka Chittagong and Mymensingh

Non- Achievement

SL NO	Slab value	Slab Quantity (difference between Budgeted And Actual Quantity)	Revenue	Cost	Target Percentage %
1	300000.00	13	3900000.00	162500.00	78.33%
2	250000.00	37	9250000.00	388500.00	76.88%
3	200000.00	130	26000000.00	455000.00	59.38%
4	150000.00	335	50250000.00	930630.00	57.22%
5	100000.00	252	25200000.00	579600.00	79.84%
6	75000.00	472	35400000.00	495600.00	72.64%
7	50000.00	357	17850000.00	321300.00	84.13%
8	40000.00	821	32840000.00	340715.00	72.64%
9	30000.00	653	19590000.00	248140.00	81.34%
10	20000.00	5693	113860000.00	6706354.00	36.75%
	Total	8763	334140000	10628339	6.9915

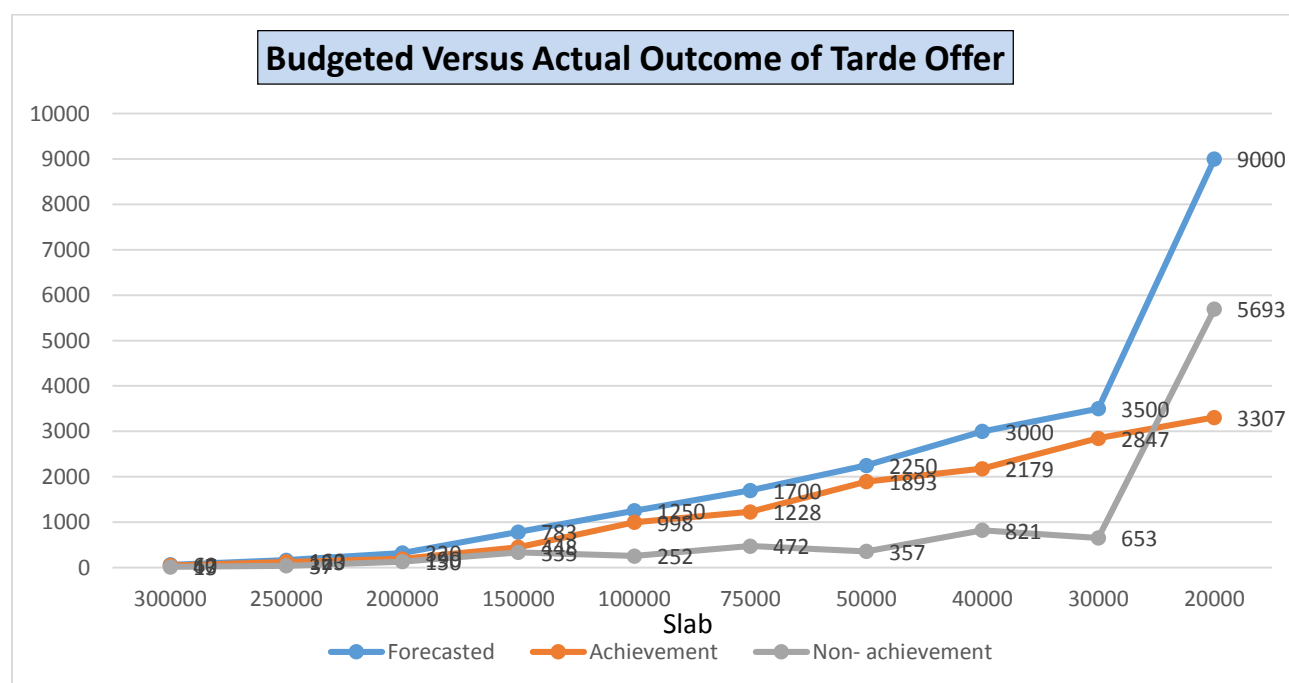
Table 06 – Non-Achievement of trade offer program (Dhaka, Chittagong and Mymensingh)

Division: Sylhet, Rajshahi and Khulna

SL NO	Slab Value	Slab Quantity (difference between Budgeted And Actual Quantity)	Revenue	Cost	Target Percentage %
1	200000.00	9	1800000.00	94500.00	25.71%
2	150000.00	9	1350000.00	63000.00	18.00%
3	100000.00	16	1600000.00	68336.00	16.66%
4	80000.00	61	4880000.00	116510.00	16.18%
5	60000.00	104	6240000.00	109200.00	20.8%
6	50000.00	5488	27440000.00	532336.00	90.71%
7	40000.00	148	5920000.00	77700.00	0.97%
8	30000.00	443	13290000.00	183845.00	22.4%
9	20000.00	97	1940000.00	29100.00	4.74%
10	10000.00	13	130000.00	2379.00	0.63%
Total:		6388	64590000	1276906	2.168

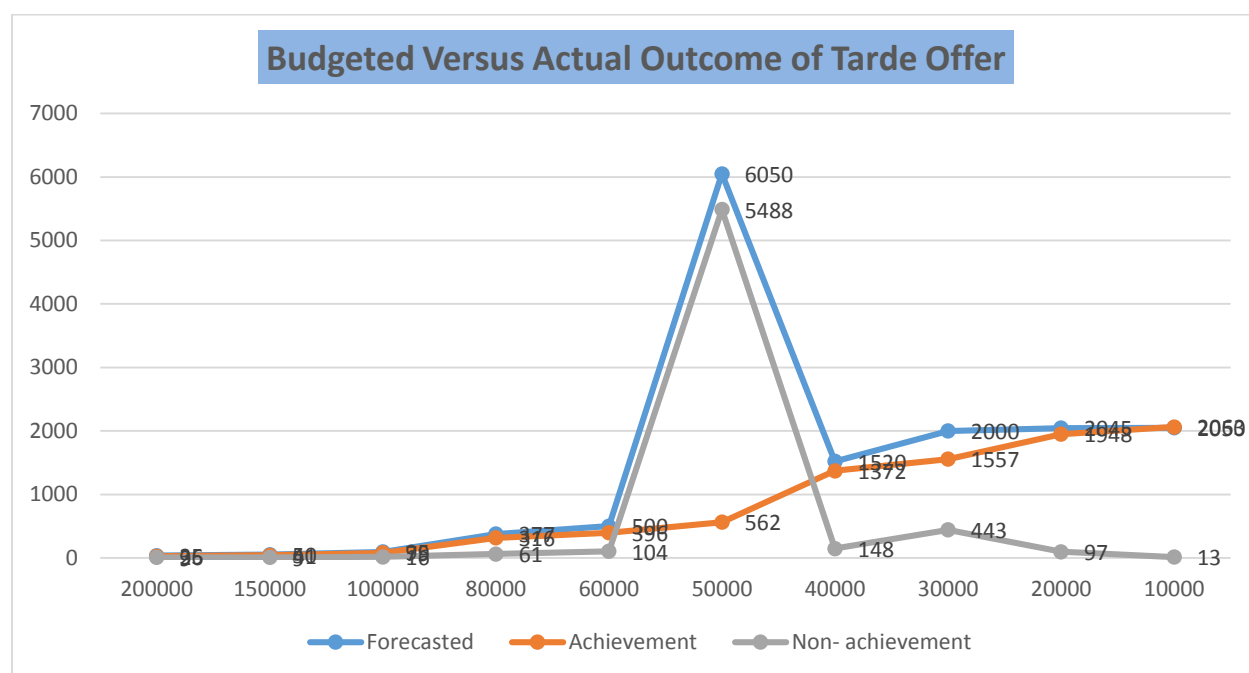
Table 07 – Non-Achievement of trade offer program (Sylhet, Rajshahi and Khulna)

Budget of Districts Dhaka, Chittagong and Mymensingh is in total 22023 slabs and the actual outcome is 13260 and the gap is 8763 which is a non-achievement. In graph it is showed which slab forecast which quantity and actual achievement and non-achievement with values.



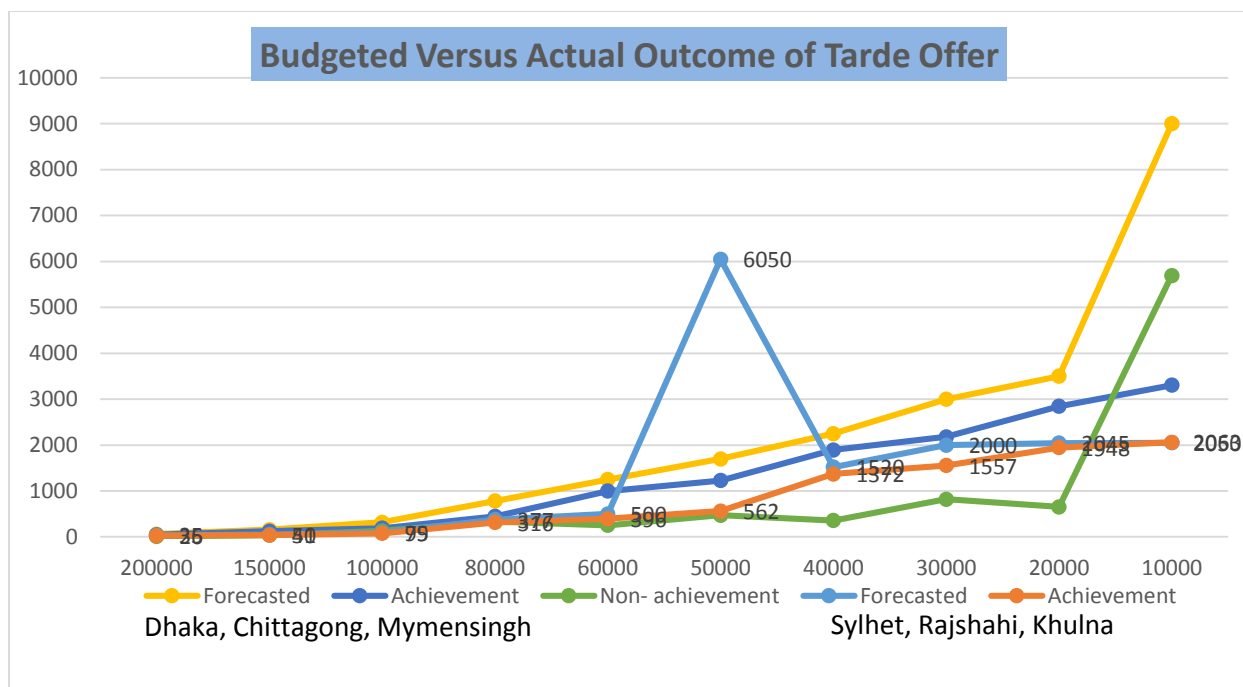
Division: Sylhet, Rajshahi and Khulna:

Budget of Districts Sylhet, Rajshahi and Khulna is in total 14722 slabs and the actual outcome is 8360 and the gap is 6362 which is non-achievement. In graph, it is showed which slab forecast which quantity and actual achievement and non-achievement with values. According to the graph result, STL trade offer budget is much higher than the actual outcome and non-achievement gap is also around 35% of the total forecasted budget of trade offer. However, in graph it is a matter to notice that between 40000tk to 60000tk slab the number of non-achievement targeted slab is very high. So, square should emphasize more on these slabs. They should not forecast on the basis of last few samples rather have to take more authentic samples to forecast slab number.



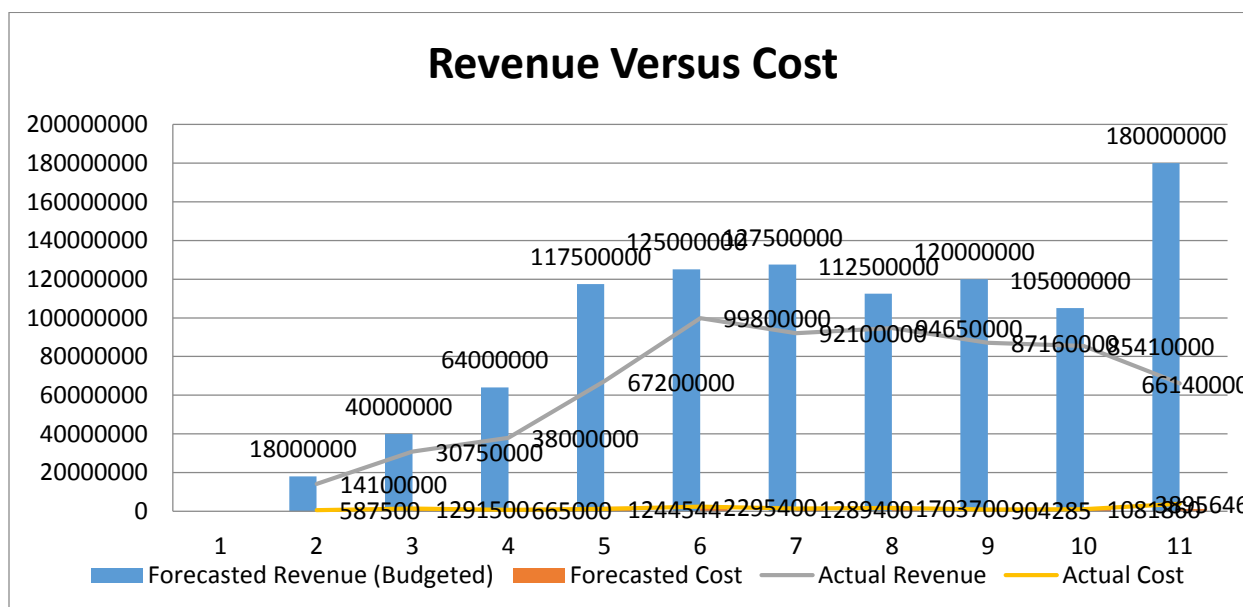
Trade Offer Budget Versus Actual Analysis for all Six Divisions

This is the overall scenario of all divisions forecasted, actual and non-achievement outcome together. Here, the graph shows the budget which was high rather than the actual outcome.

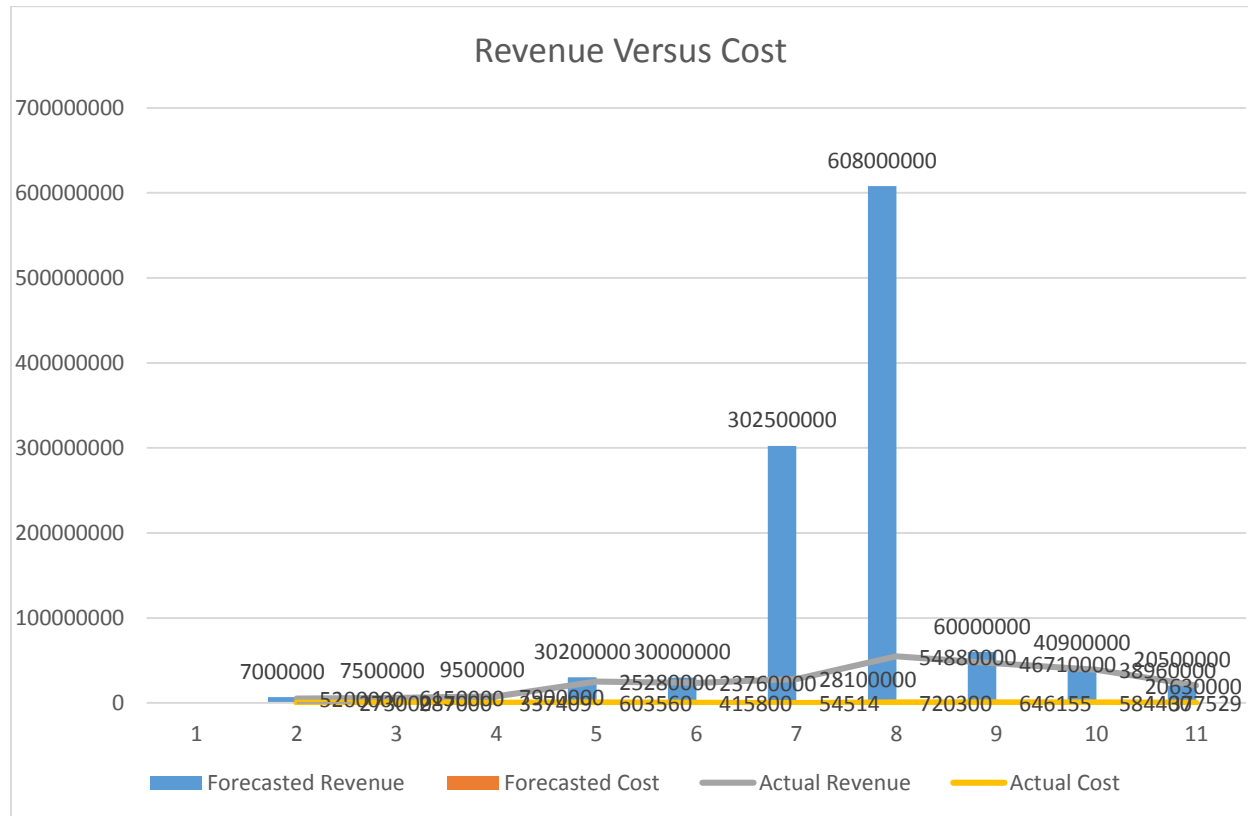


Revenue from Trade offer of “Dhaka, Chittagong and Mymensingh”

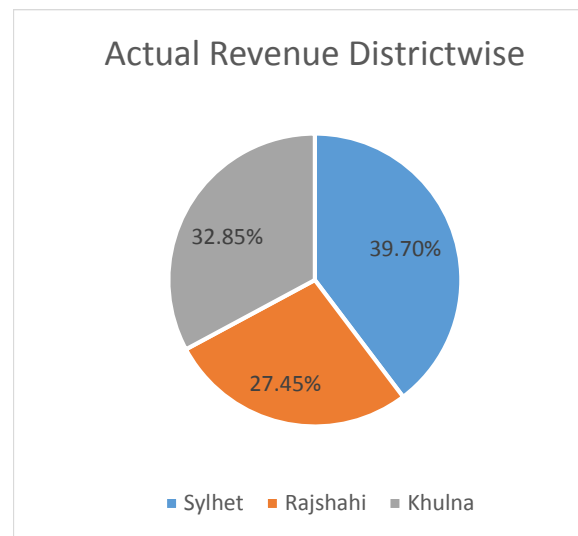
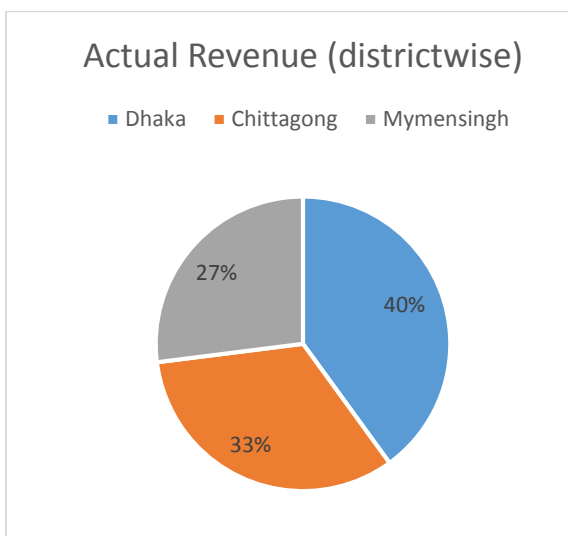
The total revenue from the division of Dhaka, Chittagong and Mymensingh is BDT 675310000 where the forecasted revenue was BDT 1009500000 and the non-achievement gap is BDT 334190000. On the other hand, the actual cost of the trade offer is BDT 14958835 where the forecasted cost was BDT 16045000 and the cost which is not occurred that is BDT 10628339.



From the graph it is found that the forecasted revenue and the actual revenue gap are huge difference in some cases. No slab can fulfill its forecasted budget or over the budget. So it is a crisis of trade offer. The supply chain management board has forecasted over the budget from the sales budget of square Foods & Beverage ltd.



Division wise Revenue Achievement Percentage



Slab Value (tk.)	Winter program 2015			Summer program 2016			Winter Program2016		
	Budgeted	Actual	%	Budgeted	Actual	%	Budgeted	Actual	%
500000	12000000.00	11300000.00	94.2	13000000.00	11850000.00	91.1	18000000.00	14100000.00	78.3
250000	25000000.00	23700000.00	94.8	27500000.00	23570000.00	85.7	40000000.00	30750000.00	76.8
200000	35000000.00	34000000.00	97.1	36000000.00	30450000.00	84.6	64000000.00	38000000.00	59.8
150000	72500000.00	72306500.00	99.7	72500000.00	67500000.00	93.1	117500000.00	67200000.00	57.2
100000	87000000.00	79008000.00	90.8	90000000.00	84000000.00	93.3	125000000.00	99800000.00	79.8
75000	91000000.00	90370500.00	99.3	95000000.00	92300000.00	97.1	127500000.00	92100000.00	72.6
50000	65000000.00	64685700.00	99.5	70000000.00	67565000.00	96.5	112500000.00	94650000.00	84.1
40000	100000000.00	99700000.00	99.7	102000000.00	98600000.00	96.6	120000000.00	87160000.00	72.6
30000	90000000.00	8076500.00	88.9	95000000.00	80700000.00	84.9	105000000.00	85410000.00	81.3
20000	79000000.00	78709870.00	99.6	100000000.00	89764000.00	89.7	180000000.00	66140000.00	36.7
Total	575500000.00	561857070.00	97.6	701000000.00	646299000.00	91.26	1009500000.00	675310000.00	69.92

Table 08 – Trade offer programs budget and actual outcome with percentage

4.3 Alternative solutions

Solutions that are made by STL accounts & finance management committee in order to prevent trade offer crises are indicated below:

1. When Square found and identified the problem then Square audit team goes to the shop individually without any agencies' help, the audit team directly checks and communicates with the retailer and about any claims for the bonus. The copy of the invoice is in hand of A&F audit committee of STL and they usually have 3 copies, No. 1 copy to retailer, No. 2 copy to distributor which have to submitted to the audit committee and the No. 3 copy is for salesman. The audit team rechecks with the retailer and the salesman's copy, if the two copies match then it is fine but if not then it must be fake or duplicate or a misstatement by the distributor and salesman.
2. **Automation** – STL provides a tab to all its distributors and salesmen which is an electrical device and with Square own made software by Square Informatix Ltd and with these tab salesperson or distributor cannot duplicate the invoice number or cannot overwrite the invoice and not even can slab the value.
3. **GPS tracking and internet connection** – Recently Square provide GPS and internet connection on the devices and their mobile phone so that easily can trace and can recheck without any harassment of work and other things.
4. **Printout** – By the automation, GPS and internet connection they can instantly print out and can audit the trade offer cards and details. Furthermore, they can also pass the bill with the discount to the distributor.
5. **Auditing** – the final work and the whole work is done by the audit team of Square Toiletries Ltd and Square Group accounts and finance department. They audit each and every issue, including check ins and outs of the all papers and then bill along with the budgeting proposals and finalize the proposal then if all are right provide the bonus to the distributor and if not then they do not get the discount.
6. **Corrective Actions:** After analyzing the overall budgets of trade offer (winter program 2016) with its actual outcomes, I have found some problems that have been associated with the assumption and actual outcomes. Those problems point out some

actions, which can decrease the possibility of having bigger differences between target budgets and actual outcomes.

1. Prepare realistic and appropriate Budgets;
2. Analyzing past history of target and achievement;
3. Build the awareness at monitoring level;
4. Information for forecasting should realistic rather than assumption; Elasticity should mention in proposal.

More solutions- After analyzing all the part of the case problems and strategies made by the STL, I want to offer some solutions to the company. Which are stated below:

- Audit team should always double check the contents of a proposed trade before accepting, even if that means inspecting each item in a multiple-item trade. Be sure to verify the item and its quality before confirming any trade or trade offer cards (retrieved from article of *Steam Support*, 2015).
- Forward confirmation email - STL should forward a confirmation email or a message to the audit team's stating the email address or mobile number. They then can confirm the trade using the link in the message. Do not forward the trade confirmation emails, links and or any additional information to the distributor or salesman. For this reason STL may offer some incentive or gift items to retailer.
- Anti-fraud policy and appropriate training- STL can accumulate anti-fraud policies like legal actions and fine or punishments etc. Also, Square can provide training to the sales persons so that they stay really aware of the scam issues. It may help to reduce trade offer crisis.
- Usage of Fintech – for budgeting and forecasting purpose STL can use *Fintech* (finance with technology). STL can take the idea from international or national finance consultant companies.
- Appropriate analysis of forecasted demand- From the case analysis, it is highly recommended that STL should emphasize more on forecasting budget and demand. The actual demand has not been even met for once. So it is really important to do more analysis on forecasting.

4.4 Evaluation of Alternative

❖ **Audit team should always double check the contents**

Pay attention to the trade log while making the trade budget and forecasting. All changes, additions, removals and actions will be recorded in this box. You may also use it to communicate with the distributor and retailer.

For this audit committee should be knowledgeable of the company's fraud risk exposure and aware of the steps management is taking to monitor and mitigate those risks. Truly independent audit committees may also maintain healthy levels of skepticism to promote continuous evaluations of the company's anti-fraud programs and controls. The audit committee has the responsibility to monitor the results of the annual audits and quarterly reviews, and is also responsible for directing the activities of the internal audit department (Corporate Compliance Insights, 2017).

❖ **Forward confirmation email or message**

After purchasing products from the distributor via sales person, both retailer and sales person will send confirmation email or messages.

External factors might influences, which are

Technological: previously trade offer program was only through paper work but now it can done by technology which can reduce scam and misstatement.

Social: It will really a good practice for our retailer and other parties to do this kind of work which will enhance our self to digital communicating and business.

❖ **Anti-fraud policy and appropriate training**

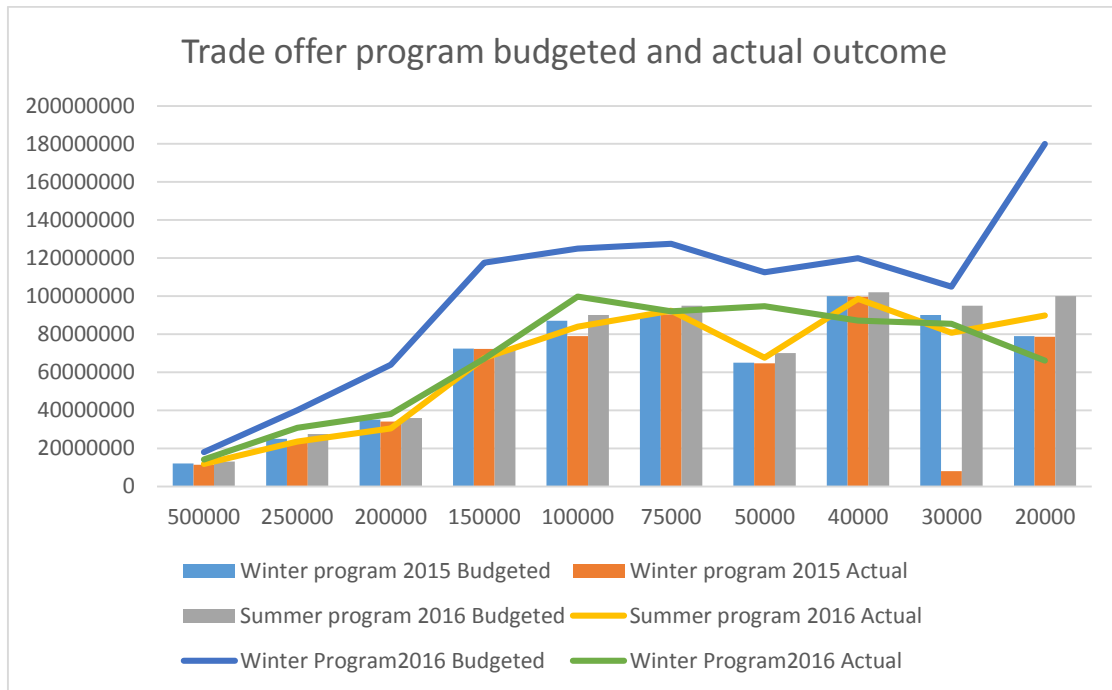
It is not uncommon for employees to be confused as to what activities constitute fraud or misconduct against the organization. Some sales person may abuse the company's reimbursement policy of requiring receipts for expenses. While these activities may not be regularly called out as significant fraud, they nonetheless misuse the company's assets and resources. Further, it is important to remember that most fraud starts out small. As the fraud scheme continues over a period of time then it lasts with larger amounts which is harmful for the company (Corporate Compliance Insights, 2017).

Financial: It would be financially benefit for the company but for training purpose it will carry some cost or training to the sales person and distributor sometimes.

Legal: legal department of the STL or Square group should make the anti-fraud policies and implement it accordingly.

❖ **Appropriate analysis of forecasted demand**

In case, forecasted and actual demand is not the same in any division or for any slab. So, it is a huge gap between forecasted and actual demand.



Based on the above mentioned graph, one could determine which program was successful. The trend line also represents the growth and decline of trade offer program. STL should need the appropriate analysis of forecasted demand.

4.5 Recommendations

Step 1: Conduct market research.

For trade marketing to work, they must fully understand what scam can happen

It needs to build up an investigate team.

Who are your competitors? How are they doing well in terms of catching the scammers? What are they doing badly? Quantify the gaps - are there any opportunities for you to exploit?

Step 2: Understand Retailer behavior.

Understand how the retailer gets the benefits from the others and how the salesman is influencing the behavior of consumers.

What would be the best kind of retailer for your product? What kind of in-store activity works with your audience?

Step 3: Develop your offer further [if necessary].

Now you have a better understanding of your retailers' needs, ensure that your offer meet them.

Step 4: Create a strong team of audit

It is very important to create a strong and empowered proactive team for audit. Because audit is the most effective way to catch scammer and check for any misstatement.

Focus on establishing consistent messaging and imagery, communicating USPs effectively and having an identifiable tone of voice.

Step 5: Develop the technology in terms of record the data

The next job is to come up with a technology and update to date record which can offer good promotions to retailers, wholesalers and distributors at the right time.

Work out your short and long term goals. Factor in any future offers and promotions in it.

Make sure you're good with your numbers. Also, it's a good idea to do some risk analysis at this stage, so as to limit your exposure at any time.

Step 6: Define the problems and recheck

Audit team has to define the problems properly and then they need to recheck the crisis which can be found by the audit team.

Step 7: Execute and take legal action

Then STL should execute the crisis and then take legal actions against them. Furthermore, STL can warn them first and then can take legal actions if they repeat the scamming.

4.6 Possible Results and Obstacles to Implementation

So far STL has been successful in tracing the maximum number of scamming and misstatement. The team needs to be more specific in terms of finding ways to offer trade offer to its distributor and retailers. On the other hand, wrong budgeting is a major issue and not taking into account of any previous research results (forecasting demand). So, it needs to improvement the analysis.

STL is now following the traditional system of auditing, budgeting and financing. However, there are some obstacles which are the following:

- Problem in system of auditing and budgeting
- It is too difficult to trace all the scam
- Each and every invoice and card checking is quite hard to do
- No advance technology
- Data recording is a lengthy process
- It takes too much time in auditing and tracing
- Outer field recheck sometimes does not match with the actual report

These are the obstacles of implementation to trace the trade offer crisis and advance policies as well.

Chapter – 05

As Intern Responsibilities at Square Toiletries Limited

5.1 Description of Job Responsibilities

I am working under Internal Audit of Accounts & Finance department of STL. I am assigned at the Head office of SQUARE Group to complete my internship program. So far I have got the opportunity to work with different people of Audit team of STL, SFBL and other concern of Square Group. During 3 months of my internship program I was given these projects below by my audit team.

1. Approval of Transport Bill:

- To check whether the bill has all the signs properly along with the scheduled time and date and supporting details.
- To check whether the 3/4/5/7 tons of vehicles can be reached at the destination place and the amount that have been specified by the STL and also to check how many KM the drivers took to reach the allocated place.

2. Stationary Program:

To check the date, stationary item and the amount of those items along with the supporting details.

3. Leave Program:

To check how many days an employee of STL and SFBL took leave from the company with the proper explanation as well as supporting details to justify the reason behind taking leave.

4. Trade Program:

To calculate the budgetary portion which has given to the sales department by Square and the actual commission that has been achieved by the sales person whether the company's revenue has increased.

5. Over time:

To check how many extra hours an employee worked for the company. It cannot be less than 2 hours and more than 8 hours. Add all the extra hours that have given to the company by the

employee and at last count the total amount for the extra hours the employee has been given and sum all it up.

Findings/Output:

1. Approval of Transport bill:

This was done by comparing the distribution bill and approval which has been made by sales department though auditing. If the auditing amount is less than the bill amount of distributors, the exceed amount will be deducted and made a report on this.

2. Stationary Program:

To analyze the stationary items which stationary shop has given better product in terms of quality, quantity along with the amount of the product that is offered by the shop. As a result, square toiletries limited will buy their necessary stationary items from that shop who will offer better product with an accurate price. In this case, on the basis of this analysis STL can charge that stationary shop who offered cheap product with high price and will make a report on this.


3. Leave Program:

To justify the annual earned leave which is usually 15/16 days with the proper supporting details. If any employee took leave more than 15/16 days than HR Department will cut off the extra leave amount from the employee's salary or they can adjust this amount with the next year.

4. Trade Program:

Through auditing Square Group comes to know whether the company's revenue is growing so that from this audited data square group can make some strategies to increase their revenue.

Main Responsibility

- Budget Indexing – Total marketing and sales budget of SQUARE Group, STL, SFBL individual like, “Senora”, “Zerocal”, “Soap” from 2013 to 2017.
- Bill Summary – The actual sales and forecasted sales report have to check, have to audit with the supporting and the details. Area where have to concern,
 Gap- of the sales

- ✚ Product demand analysis
- ✚ Product sales amount on the basis of month
- Auditing – All auditing work of SQUARE Group
 - ✚ Mediacom
 - ✚ Sun Communication
 - ✚ SFBL
 - ✚ STL
 - ✚ Maasranga
 - ✚ Aegis
 - ✚ Square Air

In this section I checked that all the works were done properly or not. I checked mainly following things:

- Checked the bill with supporting documents.
- Deduct Tax & VAT deduction as per rule.
- Checked the authorized person's signature.
- Checked the agreement.
- Checked the distributor payment calculation.
- Checked packing bill with vat challan no.
- Checked field TA/DA bill (ASM to DSM).
- Write the observation if any problem found.
- Cost or expenses rechecking of SFBL Company.
- Challan number checking
- Distributor invoice Checking
- Quotation Index

- Final Settlement of bill summary report – I have to check whether the resign person or retired person have any advance from the company or not. Then from the concern department have recommend there is not liabilities anymore and verification. The all due payments have to audit and then clear it.
- Requisition Report – 20 vehicles needed for Pabna distribution of SQUARE Group. My work was,
 - ✚ Last 5 years data analysis
 - ✚ Requisition auditing
 - ✚ Vehicle usage and related other expenses checking and listing
 - ✚ Vehicle requirement and price listing
 - ✚ Visibility analysis
- Accounting – I have to check ledger, journal, voucher and auditing.
CQV (Check payment voucher), CPV (Cash Payment Voucher), JVR (Journal Voucher), BRV (Bank Receive Voucher).
 - ✚ CQV, CPV, JVR, BRV have to check and if found any problems made correction journals and entities.
 - ✚ Catch all the problems of voucher and debit credit problems as well.
 - ✚ Finally report all the problems and accounts issues to the Sr. Manager.
- Trade Offer Crisis – I had to find out all the problems and crisis and according to that took action against the distributor and sales person.
 - ✚ Trade offer card auditing and data entry
 - ✚ Data analysis and functional logical work of Trade Offer Crisis.
 - ✚ Invoice checking and auditing of the all sales and find out whether sales person and distributor get the commission or not. On the basis of analysis, sales person and distributor get the offer.
- Quality control department – Dimension of shipper carton of all products.
 - ✚ Lifting measurement

My Responsibilities at STL (Listed):

- **At First observing the all account head and account code of STL that are use through giving entry of all transaction.**

- **Checking journal entries according to the various voucher.**
- **Find the Similarities between RM purchase list of STL and receipt audit list of RM purchase. Disimilarities marked for report to seniors.**
- **Find the differences between Dhaka's packaging materials statement with Pabna factory's packaging materials statement. Difference should be identified to report.**
- **Prepared the Tax Deducted at Source bill means tax deducted on distributors commission bill for the month of April to July with the help of excel sheet.**
- **Prepare xl sheet for Actual bill summary for 2016.**
- **Doing trade program 2017, mustard oil offer, and cash back offer in xl sheet using formula.**
- **Internal audit attempt to show all income and cost of STL of the year. For this reason some costs voucher of 2016 are not found by the seniors. So i help them to find the voucher and report to Seniors.**

Other Relevant Activities

- **Allocating STL Company expenses according to their category of cost and assign them into their accurate code. Cost evaluation of monthly packaging Material Cumulative.**

Chapter – 06

Conclusion and Recommendation for STL

6.1 Conclusion

Upon analyzing the general financial management and trade offer crisis of Square Toiletries Limited, it was seen that Square Toiletries Limited is the country's leading manufacturer of international quality brand with a huge number of diversified products. For effective sales, the management of STL follows the accrual-basis accounting and records their vouchers accordingly. Furthermore, by analyzing their financial performance, we found out whether STL will stay solvent or remain in business in coming years. It has taken a strong position in the market and it is always competing against fierce companies. Currently it is a major contributor to the population of Bangladesh, providing them with a quality product that is within the standards. There is a huge annual turnover sale on local production and exports. It plays a vital role in the industry as well as in the national economy. This organization has helped me to experience the corporate world and understand its organizational culture & practices. STL has a wonderful accounts & audit team which is taking care of massive accounts. I have learnt so many things on different issues. It was not possible for me to get the best outcome from this internship program due to time & policy limitations. Finally, I can say that the financial management practices of Square Toiletries LTD are very efficient. However, one must always address the weaknesses and take effective solutions accordingly. This way Square Toiletries Limited can uphold its position in the business world.

Recommendation for STL

Based on the organization & internal auditing process, I would like to give some recommendations as follows:

1. They should (STL) update their accounting information system as soon as possible. This will enhance the productivity.
2. Payments of bills should be made as early as possible and should not be delayed at all.
3. STL should monitor the performance appraisal of employees carefully since some are not committed to their responsibilities and actions should be taken accordingly.
4. They should focus on room facilities and change the outlay of office. This may harmonize the environment.

5. The company should participate in job fairs for their recruitment process. It is an important step since the future depends on employees. They should always do a background screening process.

7. For motivating and creating mental satisfaction, there should be some seminars and fun activities such as- monthly dinner, picnic and etc. This will ease the environmental process. Furthermore, there should be an independent work system in order to increase focus.

8. SQUARE should create an evaluation system (information system) that will help employees improve their work flow.

Chapter – 07

Reference

7.1 Reference

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Chapter – 08

Appendix

8.1 Appendix

SQUARE TOILETRIES LIMITED
INTER - DEPARTMENT COMMUNICATION

To : Director, Finance & Accounts

Place : Dhaka

From : Sales Department

Date : 25-05-2017

Proposal for Meril Soap Ramadan Trade Program for the Month of June-2017

Dear Sir,

Till date we have achieved cumulatively 90.48% of the target along with 30.33% growth. Last year in Ramadan we have achieved 63,838,064 through our Ramadan special gift program. In June, 2017 are withdrawing Meril Soap slabs in bonus proposal and instead of this we want to propose Meril Soap Trade program for the month of June, 2017.

- Till date we have achieved 26.79 crore taka.
- Cumulatively we have 30.33% growth.
- Average sales of Meril Soap is around 5.35 crore taka.
- Newly launched Meril Soap 150gm already has achieved 156% cumulatively.

Proposed Program:

Slab Value	Slab Quantity	Benefit	Benefit%	Revenue	Cost
1,700	15,000	80/Gift	5.00%	25,500,000	1,200,000
8500 or More	1,650	616	7.25%	14,025,000	1,016,400
Total				39,525,000	2,216,400

Average Slab Value Calculation Considering Weighted Equation:

Meril Soap SKUs	Contribution	1 Carton	Weighted Average	Rounded Value
100gm	54.60%	1848.24	$=(54.60\% \times 1848.24) + (37.50\% \times 1455.12) + (4\% \times 2780.64) + (3.90\% \times 792)$	1700
75gm	37.50%	1455.12		
150gm	4.00%	2780.64		
25gm	3.90%	792.00		

Modality:

- Slab value is calculated based on weighted average mentioned above.
- Retailers can fulfill the slab by multiple memos.
- Benefits will be given by cash or gifts.
- Retailer could avail multiple slabs.
- All variants of Meril Soap are included in this program.
- If cash discount offered than it will be offered in benefit percentage mentioned above.
- All variants of beauty soaps are included in this program.
- If additional budget requires, it will be adjusted from Sales Trade budget accordingly.

Tanveer Rahman (Sales, SFBL)

From: Ariful Islam Md. (TCE, Sales-SFBL)
Sent: Thursday, June 22, 2017 11:25 AM
To: Tanveer Rahman (Sales, SFBL)
Subject: Winter Card 2016 Rejected Card: Mymensingh Division

Dear Tanveer Bhai

FYI.

**Winter Program 2016: Mymensingh Division
Rejected Card**

Slab No.	Slab Value	Invoice Problem	Duplicate Invoice	Invoice No Problem	Fluid Used	Overwriting	Slab Incomplete	Card No. Changed	Card Not Found
1	300,000					1			1
2	250,000			1	1				3
3	200,000					2			7
4	150,000			1	1	3			12
5	100,000		1	7	6	10	2		27
6	75,000		①	⑪	8	8	1		51
7	50,000	1	⑥	⑬	11	9	2		60
8	40,000	2	⑤	⑯	7	7	1	①	102
9	30,000	4	9	15	8	10			102
10	20,000	4	5	17	14	11			101
Total		11	27	81	56	61	6	1	466

Regards,

Mohammad Ariful Islam
Trade Category Executive | Sales



Square Food & Beverage Ltd.
48 Mohakhali Commercial Area
Dhaka - 1212, Bangladesh
Cell: +880 1708144308
Email: arif-sfbl@squaregroup.com
Web: www.squarefoodandbeverage.com

Chittagong Division

Row Remarks	20000	30000	40000	50000	75000	100000	150000	200000	250000	300000	Grand Total
Card missing							1				1
Date Problem	3	(6)	4	(8)	3						24
Fluid problem	5	7	5	3	2	3	3	2	2		32
Invoice Problem	23	(11)	3	(4)	6	4	1	(1)	1		54
Over Writing	10	8	4	12	8	6	1	1			50
photocopy Invoice	8	(3)	4	(12)	(27)	14	3	(2)	2	1	76
Slab amount doesn't mention							1				1
Torn Invoice	6	1	2	1	1						11
Grand Total	55	36	22	40	47	27	10	6	5	1	249

Khulna Division

Row Labels	0	10000	20000	30000	40000	50000	60000	80000	100000	150000	Grand Total
Balance Dosnt Match								1			1
card not found	12	142	180	129	87	X (36)	13	19	3		621
Date before or after program started or Closed		(6)	(7)	(6)	(3)	(3)	(2)	(3)			30
Fluid use		4	7	1	5		4	1		2	24
Invoice Problem		(6)	(7)	(13)	(12)	(4)	(3)	(2)	(1)		48
Over written		5	10	8	5		1	5	1		35
Slab not Fillup			1	1		1	1				4
Grand Total	12	163	212	158	112	44	24	31	5	2	763

Problematic Card description of Dhaka Division

Row Labels	Count of 300000	Count of 250000	Count of 200000	Count of 150000	Count of 100000	Count of 75000	Count of 50000	Count of 40000	Count of 30000	Count of 20000	Total	
date problem	1	1			2	11	10			14	16	85
fluid use	2	2		2	3	14	24			35	27	146
Gift slab changed intentionally											1	1
invoice date before/after				1	2	2	1		3	6	8	29
invoice made further for fulfilling slab										6		6
invoice problem	1	1			1	1	1		3	1	1	8
Late entry				1	1	3	6		7	14	25	77
other shop's invoice									19			2
overwriting		1			1	6	9			10	6	55
photocopy invoice					2	2	2		1	1	1	10
Retailer information problem				1	1	2			6	6	5	23
slab amount not mentioned	1	2				1						4
Slab did not match						1				2		3
slab not fulfilled							1			1		2
torn invoice		1		2	5	2	8		9	17	11	64
Wrong invoice included						1						1
Card Not found		2		10	28	58	96			249	218	941
Grand Total	5	12	17	46	104	158	162	278	356	328		

Mobarak Hossain (M-STL)

From: Edward Prokash Bala (Mkt-STL)
Sent: Tuesday, July 18, 2017 4:54 PM
To: Mobarak Hossain (M-STL)
Cc: Jesmin Zaman (Sr. M, Mkt.-STL)
Subject: Company share

Dear Mobarak bhai,

Find below the share trends of the companies.

Company	Year 12	Year 13	Year 14	Year 15	Year 16
Unilever Bangladesh Ltd	41%	41%	40%	38%	36%
Square Toiletries	7%	8%	10%	9%	9%
Kohinoor Chemical Company	7%	8%	7%	7%	7%
Marico	7.9%	7.0%	6%	8%	7%
P&G	1.8%	1.9%	2%	2%	3%
Johnson	1.0%	0.8%	1%	1%	1%
ACI	3.5%	3.5%	3%	2%	2%

Regards,
Edward

e-mail: edward@squaregroup.com
web: <http://squaretoiletries.com>